

Approved For Release 2001/04/01 : CIA-RDP82-00457R00570006-2

INFORMATION REPORT

CD NO.

COUNTRY Austria/USSR

DATE DISTR. 15 SEP 50

SUBJECT Recent Developments in USIA

NO. OF PAGES 3

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SUPPLEMENT TO
REPORT NO.**Present Status of A/O Avtovelo Firms**

1. Although business continues as usual, there are indications that USIA is trying to institute certain economy measures and may be preparing to lay off some of its employees. As of 30 June 1950, the warehouses of A/O Avtovelo, Automotive and Fine Mechanics Department of USIA, had 7,500,000 schillings' worth of goods on hand. This stock includes 31 overhauled twist drill grinding machines, 15 Austro-Fiat trucks and about 1,400 automobile tires purchased for Austro-Fiat. At the present time, however, the A/O Avtovelo Sales and Purchasing Office has no funds.
2. The following is a brief survey of the present status of A/O Avtovelo firms:
 - a) The "Auwerk" Gebrüder Eichenauer Stahlwarenfabrik plant in Hainfeld, Lower Austria, is still closed and it is not likely that USIA will resume production at any time in the near future.
 - b) Ing Dobias of the A/O Avtovelo Sales and Purchasing Office believes USIA may be forced to close Kromag A.G. unless this firm acquires non-Soviet orders within the next month or two. Dobias bases his opinion on the fact that a number of USIA firms which have worked solely on Soviet orders have been forced into bankruptcy.
 - c) The Soviets have removed the USIA general director of Peter Ginzler and one of the Ginzler brothers is now in charge. USIA employees believe that the Soviets expect this firm may be forced to close.
 - d) Because Kloeckner-Humboldt-Deutz now has no orders, this firm is working on the development of a new 60-horsepower Diesel motor which it plans to manufacture in the near future.
 - e) Friedrich Weichmann's Nachfolger has just lost a sizeable order from an unidentified firm in North Africa. It seems that when Weichmann's insisted that the North African firm open an accreditive at the Soviet Military Bank in Vienna, the customer, apparently reluctant to do business with a Soviet enterprise, promptly cancelled the order.

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Document No.	6
No Change in Class.	<input type="checkbox"/>
Declassified	<input type="checkbox"/>
Class. Changed To:	TS S G
Auth:	HR 75-2
Date:	1 JUN 1978
By:	22

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Next Review Date: 2008

- f) At the present time Wiener Werkzeug- u. Werkzeugmaschinenfabrik, Ing. Frank & Co. and Draeger G.m.b.H. are working on a number of Hungarian orders. Frank & Co. is also working on depth-drilling equipment for SMV.
- g) USIA has cut its prices from 15 to 18 percent on Hirtenberger Patronenfabrik products.
- h) Austro-Fiat is busier than most other Avtovelo enterprises, primarily because it is working on an order for 300 trucks from M8gurt, N.V., Budapest. Austro-Fiat expects to turn over the first delivery on this order to Juschweschtrans on 21 July 1950. In addition to this purchase, M8gurt has ordered 50 electric box cars (Kastenwagen) at 209,000 schillings apiece and 50 electric flat cars (Plateauwagen) at a cost of 166,000 schillings per unit. Austro-Fiat plans to start delivery four or five months after the contract is concluded and complete delivery five or six months later. Austro-Fiat is also working on an order for the SMV. To date it has delivered 34 trucks, 4 trucks equipped with trailers, 10 two-wheel trailers and one bus to SMV. USIA expects to complete this order by the end of July 1950.

3. Trade with the Satellites

Soviet-controlled enterprises, as well as Austrian firms, seem to be having difficulty importing raw materials and finished products from Czechoslovakia. Recently Kusin, director of the Soviet Oil Administration (SMV) Purchasing Office, advised USIA that he is no longer able to obtain Fuller's earth (Bleicherde) from Czechoslovakia for SMV drilling operations. He has asked A/O Avtovelo to procure from Hungary a special type of clay which, when treated with hydrochloric or sulfuric acid, washed and then dried, yields 80 to 85 percent Fuller's earth. (1)

- 4 The SMV also asked Wiener Werkzeug- u. Werkzeugmaschinenfabrik, Ing. Frank & Co. to procure 100 pieces of Din St. 6556 mm or 4561 mm; outside diameter, 98.9 mm; inside diameter, 78 mm; length, 4250 mm, a type of seamless steel pipe (Mantelrohren) which is used for depth pumps. Since Frank & Co. is unable to fill this order, USIA has referred this request to "Metalimpex", Budapest V, Dorottya-utca 6. Apparently the SMV is no longer able to procure this type of pipe from Czechoslovakia.
- 5 "NIK", Budapest V, Dorottya-utca 6, Hungarian heavy industry monopoly, is offering the A/O Avtovelo Sales and Purchasing Office standard Csepel model motorcycles, 125 cc cylinder displacement, for \$130 a piece.
- 6 Markowicz, general director of "Monimpex", Budapest V, Tukor-utca 4, is now in Vienna offering Tokay and other Hungarian wines. On 20 July 1950 he conferred with Shpatshuk, Soviet director, and Kuntner, Austrian director, of the USIA-controlled Spiritus Presshefe- und Lik6rfabrik Wolfrum Knadt.-Ges., Vienna XXII, Stadlauer Strasse 64, and with Komarov and Kusnietzov of USIA's Food Industries Department. It is believed that USIA may be negotiating a large transaction with Monimpex.

7. Prospective USIA Customers and Suppliers

The following firms are interested in doing business with USIA:

- a. R.K. Dhingra & Co., P.O.B. No. 5605, Bombay, India, wishes to purchase 15,000 pounds' worth of USIA hardware.
- b. Polimex, Polish export-import firm, is interested in purchasing circular saws 700 to 750 millimeters in diameter.
- c. Richly, Vienna VII, Burggasse 72/12, representing the Imetra Company, Ltd., 141 Broadway, New York 6, with executive offices at Forchstrasse 37, Zurich, is offering A/O Avtovelo under a pro forma bill of lading 1,000 NSK (sic) No. 6312 ball bearings at \$3.05 each, f.o.b. Buchs, Switzerland. This firm has asked this USIA department to open an accreditive at the Schweizerischer Volksbank in Zurich.

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8. Personnel

On 17 July 1950 Punin, Chief Bookkeeper of the A/O Avtovelo Department, left Vienna permanently.

(1) ~~Comment:~~ This is a yellowish white clay resembling the earthy clays of the montmorillonite group ($2 \text{ Al O}_3 \cdot 7 \text{ Si O}_2 \cdot 2 \text{ H}_2\text{O}$) rather than the plastic and fatty clays. When freshly mined it contains 30 to 40 percent water and 1.5 to 3 percent calcium carbonate.

Addendum

it was erroneously reported that "Chemolimpex", Budapest V, Nador-utca 2, had asked A/O Avtovelo to procure hard rubber plates and sticks from Carl M. Poche, Gummiwaren-Grosshandlung, Vienna XVI, Thaliastrasse 2. Actually, Chemolimpex offered these items to Poche, who allegedly has rejected them. Chemolimpex is now offering the Erste Oesterreichische Glanzstoff Fabrik A.G., St. Poelten, Lower Austria, a wide variety of hard rubber items, namely special nozzles, nozzle couplings, nozzle caps or covers, rings, and filter appliances. Chemolimpex has advised the SMV that it can supply several sizes of standard and special quality rotary depth-drilling hose. All Chemolimpex prices are quoted in dollars.

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